

Aplington CSO/EH

CEO 623  
SECTOR 2

PUBLIC EMPLOYMENT RELATIONS BOARD  
STATE OF IOWA

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PUBLIC EMPLOYMENT  
RELATIONS BOARD

In the Matter of the Impasse Arbitration between  
**APLINGTON COMMUNITY SCHOOL DISTRICT**  
and  
**APLINGTON EDUCATION ASSOCIATION.**

BEFORE

Lisa Salkovitz Kohn

IMPARTIAL ARBITRATOR

Hearing Held: June 10, 2002

Award Issued: July 1, 2002

For the District: Patrick Morgan, Superintendent

For the Association: Doreen Rick, UniServ Director, ISEA  
Betty Fuller, ISEA

ARBITRATION AWARD

## I. INTRODUCTION

This is a impasse arbitration held pursuant to Section 20.22 of the Iowa Public Employment Relations Act. The parties have reached impasse on a single issue, wages. The undersigned Arbitrator was duly selected pursuant to the Act and the procedures of the Iowa Public Employment Relations Board. At the hearing, the parties elected to proceed with a single arbitrator and waived their rights to a tripartite panel permitted by the Act. At the hearing, held June 10, 2002 in Aplington, IA, the parties stipulated that there were no objections to the arbitrator's jurisdiction or authority to issue a binding and final award, the statutory deadlines having been waived, and agreed at the close of the hearing that the Arbitrator's Award would be due on or before July 1, 2002. An electronic recording of the proceedings was made by the Arbitrator. At the hearing, both parties were given the opportunity to present such evidence and argument as they desired, including an examination and cross-examination of all witnesses.

In evaluating the parties' final offers on each impasse item, paragraph 9 of section 20.22 requires the arbitrator to consider, "in addition to any other relevant factors":

- a. Past collective bargaining contracts between the parties including the bargaining that led the up to such contracts.
- b. Comparison of wages, hours and conditions of employment of the involved public employees with those of other public employees doing comparable work, giving consideration to factors peculiar to the area and the classifications involved.
- c. The interests and welfare of the public, the ability of the public employer to finance economic adjustments and the effect of such adjustments on normal standard of services.

- d. The power of the public employer to levy taxes and appropriate funds for the conduct of its operations.

These statutory factors, as well as other relevant factors discussed below, have been considered by the Arbitrator in determining which of the parties' final offers on wages is most reasonable. In reaching her decision, the Arbitrator has considered all evidence and argument offered at the hearing, even if that evidence and argument is not specifically mentioned or discussed herein.

## II. BACKGROUND, ISSUE, and the PARTIES' FINAL OFFERS

The Aplington Community School District is located in central Iowa. The Aplington Education Association is the certified employee organization for the District's professional employees. The District's certified enrollment for the 2001-02 school year is 386.0 students, making it 295<sup>th</sup> in size out of Iowa's 371 school districts.

The District has had a whole-grade agreement with neighboring Parkersburg Community School District since the 1992-1993 school year. Aplington and Parkersburg each have their own elementary school, but Aplington operates the middle school, and Parkersburg operates the high school, for the students of both districts. Aplington employs 24.6875 FTE regular program teachers represented by the Association, excluding Special Education and Title I staff, who are shared among several districts and paid through the AEA.

The District and the Association have negotiated collective bargaining agreements for the school years from 1985-86 through 2001-02. They used the services of a Fact-finder for the 1985-1986, 1986-1987, 1987-1988 and 1989- 1990 school years. This is the

first time the parties have gone to impasse arbitration.

On the single issue before the arbitrator, wages, the Association's final offer is that the BA base for 2002-2003 be increased by \$200 to \$24,395. The School District's final offer is that the BA base for 2002-2003 remain at its present level of \$24,195. The cost of the Association's offer, including anticipated step movement, is \$1,340,488, representing a 2.86% increase, while the District's offer, including anticipated step movement, would cost \$1,330,832, a 2.12% increase. The Association's offer is \$9657 more than the District's.

The Association notes that the District's teachers are of particularly high quality, being more experienced and more highly educated than average, but observes that in light of the District's concerns about its financial condition, they have not proposed an above-average increase. The Association contends that the modest increase it has proposed is below the average of any comparability group that might be considered, and adequately protects the District.

The District stresses that it is and has been experiencing serious financial problems. According to the District, it is making a concerted effort to correct those deficiencies, and its offer, which would leave the current salary schedule intact, is necessary in light of the financial situation. In the past, the District observes, when funds were available, the District has given very significant wage increases and has compensated its teachers competitively. Now, the District is experiencing difficult financial times and, it contends, must reduce costs to address these concerns.

### III. BARGAINING HISTORY

The parties' salary structure is a modified indexed grid, in which each vertical step represents a 4% increase up to a point, at which the step increases become only 2%, and occur only every two or three years. The lanes (BA+15, BA+30, MA, MA+15) represent increases of 5% each at lower steps, and then vary as a result of the "longevity steps."

The parties' previously negotiated wage settlements have been as follows:

Year	Total Package	Reg. Prog. Inc.	Difference
1993-94	3.44%	0.00%	3.44%
1994-95	4.55%	2.16%	2.39%
1995-96	4.88%	3.51%	1.37%
1996-97	4.41%	0.78%	3.63%
1997-98	5.08%	1.92%	3.16%
1998-99	4.99%	0.00%	4.99%
1999-00	4.76%	1.69%	3.07%
2000-01	4.90%	5.41%	-0.51%
2001-02	3.87%	3.96%	-0.09%

Thus over the past nine years the parties' negotiated increases have averaged 4.54%. During the same period, the District's regular program increases have averaged 2.16%. Put another way, as calculated by the District, during the period from FY 97 through FY 02, the cost of contract settlements (\$307,355) exceeded new money (\$258,188) by 19.04%. The settlements between the parties as a percentage increase consistently exceeded statewide settlement averages from at least FY 97 through FY01.

#### IV. COMPARABILITY

The Association has referred primarily to two different groups for the comparisons required by paragraph 9 of section 20.22 of the Iowa Code: The North Iowa Cedar League Athletic Conference in which Aplington-Parkersburg competes, consisting of AGWSR, BCLUW, Denver, Dike-New Hartford, East Marshall, Eldora-New Providence, Gladbrook-Reinbeck, GMG, Grundy Center, Hudson, Hubbard-Radcliffe, Jesup, North Tama, Parkersburg, Union and Wapsie Valley; and a geographically-defined group of the 15 school districts within a 25-mile radius of the District, AGWSR, BCLUW, Cedar Falls, Clarksville, Dike-New Hartford, Eldora-New Providence, Gladbrook-Reinbeck, Greene, Grundy Center, Hampton-Dumont, Iowa Falls, Janesville, Nashua-Plainfield, Parkersburg, and Waverly-Shell Rock. The District has compared itself both within the North Iowa Cedar League Athletic Conference and within the group of 128 Districts that are included in the RISE database of the Iowa Association of School Boards.

The Athletic Conference is a commonly-accepted source of comparable data. The geographically-defined group also is relevant because the salaries being paid within roughly commuting distance for the District's staff is one measure of the amount that the District must pay in order to be competitive within the applicable labor market. However, the geographical group is somewhat limited in applicability because the districts in this group vary so widely, ranging from Cedar Falls, with enrollment of 4,169.7, to Janesville, with only 370.8 enrolled. The statewide data, while less focused on Aplington's circumstances and ordinarily of less value than more limited data pools, in this case reflects Aplington's characteristics in a manner consistent with the smaller comparability groups.

Thus all of the comparative information offered is useful to the resolution of this impasse.

The relevant data for the Athletic conference include the following:

District	Enrol. (9/01)	FTEs	Average Salary (State rank)	District Experience (State rank)	Total Experience (State rank)	Degree Earned (State rank)
AGWSR	935.0		37,314 (104)	10.48 (253)	15.11 (170)	2.14 (258)
<b>Aplington</b>	<b>386.0</b>	<b>24.6875</b>	<b>41,261 (45)</b>	<b>16.00 (11)</b>	<b>20.18 (5)</b>	<b>2.32 (47)</b>
BCLUW	674.0		38,420 (70)	11.49 (193)	13.73 (247)	2.06 (338)
Denver	699.2		35,149 (188)	13.80 (55)	17.32 (48)	2.26 (96)
Dike-New Hartford	812.3		37,903 (87)	14.44 (34)	17.56 (42)	2.31 (52)
East Marshall	815.7		34,456 (218)	11.28 (206)	14.88 (183)	2.09 (309)
Eldora-NP	702.5		36,384 (138)	12.22 (142)	16.25 (103)	2.11 (288)
GMG	855.1		32,379 (283)	12.68 (121)	14.85 (187)	2.05 (347)
Gladbrook- Reinbeck	400.3		35,494 (170)	13.21 (89)	14.91 (180)	2.18 (202)
Grundy Center	645.4		37,311 (105)	13.45 (72)	16.39 (92)	2.12 (279)
Hubbard- Radcliffe	532.5		34,521 (216)	10.19 (270)	13.51 (254)	2.11 (288)
Hudson	741.2		45,971 (1)	11.47 (194)	15.63 (140)	2.23 (137)
Jesup	850.2		38,910 (65)	14.71 (30)	17.84 (34)	2.29 (67)
N. Tama	528.1		35,431 (173)	10.75 (236)	13.23 (270)	2.10 (297)
P'burg	490.0		36,829 (123)	14.10 (45)	16.35 (94)	2.26 (96)
Union	1221.8		33,903 (231)	10.52 (251)	14.42 (213)	2.14 (258)
Wapsie Valley	740.0		34,589 (214)	13.50 (66)	15.98 (120)	2.09 (309)
<b>Conf. Ave.</b>	<b>728.3</b>		<b>36,560</b>	<b>12.39</b>	<b>15.50</b>	<b>2.16</b>

Within the Athletic Conference, the District has the smallest enrollment, just over half the average enrollment in Conference Districts. The District's average salary is almost 13%

above the Conference average, which may be due in part to the extensive in-District and total career experience of its staff, both significantly above Conference averages, and the number of District teachers with advanced degrees. Among the school districts within a 25-mile area, the results are much the same. As indicated by the benchmark points selected by the Association (the base, tenth year and maximum of each lane), the District's salary in the MA and top MA lane are second highest in the Conference (fourth highest at the maximum step in each, and within the top third in the BA and top BA lane salaries. Within the geographically-defined group, the District's benchmark salaries are generally within the top third of the group in the top BA, MA and top MA lanes, and in the top half for the BA lane. A similar comparison appears when statewide data is considered.

As of the date of the hearing, within the Athletic Conference, the average total package increase in settled contracts was 3.86%, as calculated by the ISEA (including 14 districts), or 3.80%, as calculated by the IASB (including 12 districts). Using either data source, both parties' final offers are significantly less than this year's trend in the conference. Indeed, both parties' final offers are less than the average total increases in either statewide, or in the "ten-up/ten-down" grouping of school districts, the ISEA Unit Two school districts, districts with between 3.5 and 4.5% regular program increase, or districts with no regular program increase at all.

#### IV. FINANCES

The District's financial condition is the central issue in this impasse. Aplington's financial health has declined since the mid-nineties in a variety of measures. Its end-of-year cash balances have gone from \$458,882 in the 1994-1995 fiscal year to a deficit of



\$113,556 in the 2000 - 2001 fiscal year. Despite the legal requirement that the District maintain a positive unspent balance (Iowa Code Section 257.7(1)), its unspent balance, roughly \$300,000 in FY95, was only \$38,442 in FY 99, and has been negative since then: -\$162,680 in FY00, and -\$167,225 in FY01. The District estimates that it will experience a negative unspent balance for third consecutive year in FY02 (-\$234,033). While it projected before the State School Budget Review Committee (SBRC) in March that there would be a small positive balance in FY03, the District now estimates for FY03 a negative unspent balance of \$102,502. According to the District, it is the only school district in the area with a negative unspent balance. The next lowest unspent balance among the districts cited<sup>1</sup> is a positive balance of \$294,338, in Janesville.<sup>2</sup>

In response to the FY00 and FY01 negative unspent balances, the District prepared and obtained SBRC approval of corrective action plans pursuant to which the District is seeking to return to a positive unspent balance in FY03 by using its activity, lunch and PPEL funds more effectively, by raising the operating fund property tax, by offering an early retirement plan, by cutting expenses for supplies, travel, registration fees, and equipment, and by reducing non-certified staff or reassigning them to other duties, in addition to its proposal here to limit teacher wage increases to those that would be earned on the existing salary grid. The District also sought and obtained from SBRC additional spending authority in response to the first year of negative unspent balances.

In addition, the District is in the initial stages with the Parkersburg District of

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<sup>1</sup>Dike-New Hartford, Ackley-Geneva, Iowa Falls, Hampton-Dumont, Janesville, Nashua-Plainfield, Clarksville, Allison-Bristow, and Grundy Center

<sup>2</sup>The District's solvency ratio, a measure used by the Iowa Association of School Boards to assess a District's financial health, shows the same trends as the negative unspent balance.

investigating the process to merge the two districts, but no definite plans or date for such a merger have been set. A consultant retained by both districts to study the prospects for a merger also recommended in March 2002 that the District "take all legal measures possible to bring the balance back to a positive amount," although he did not address the issue "about whether more progress should be made toward correcting the Aplington negative unspent balance before a merger." The District has raised taxes every year except 1999-2000, and has the highest tax rate (approximately \$15 per \$1000) of all Districts in the Athletic Conference for which it could obtain data.

#### V. ANALYSIS

The Association urges that, in the words of Arbitrator Nancy Powers, "Employees in the bargaining unit should not be expected or required to bear a disproportionate share of cost cutting." However, while the District's offer does require the teachers to bear a share of the cost cutting, that share is not inappropriate, under the circumstances presented. The Arbitrator therefore finds that the District's final offer is the more reasonable of the two.

The Arbitrator does not reach this conclusion merely because the District has experienced two years of consecutive negative unspent balances. Negative unspent balances do not automatically render the less costly offer the more reasonable under the standards imposed by Section 20.22 (9) of the Iowa Code. See, for example, Northwood-Kensett Community School District and Northwood-Kensett Education Association, April 30, 2002 (L.Kohn, Arbitrator). However, persistent negative unspent balances are not only illegal, but they also may be a symptom of continuing financial problems, whether the result

of genuine economic burdens specific to the district, more widespread economic ills, financial mismanagement, or other factors. It may be unreasonable, particularly after repeated negative unspent balances, to consider belt-tightening in the area of employee salaries and benefits as part of the solution. But the emphasis must be on that belt-tightening as part of the solution, and, as Powers noted, the cinch must not be “disproportionate.”

The School District has addressed its unspent balance problem aggressively from the outset. As part of the process of obtaining approval of a corrective action plan, it sought and received relief from SBRC in the amount of the first negative unspent balance. It has increased its tax rate, which is now the highest in the athletic conference, and made the other changes described above. Nonetheless, the negative unspent balance is projected to recur. It is notable that the District has taken other significant budget-cutting and revenue-increasing steps before turning to teacher salaries.

At this point, the School District’s salaries are the second highest, on average, of any district in the Athletic Conference, and District average exceeds the Conference average by almost 13%. This speaks well for all concerned – for the teachers, who are on average the most experienced and well educated in the Athletic Conference and among the most experienced and well educated in the State, and for the District and the Union, who have repeatedly reached voluntary settlements recognizing the merit and contribution of the teaching staff. But it also suggests that where the District’s finances are as stretched as they are now, despite significant cost-cutting efforts in other areas, the District’s proposal is not out of line. Even if there is no increase in the BA base this year, it appears that the District’s salaries will remain well above average within the Conference, where total

package increases have been averaging 3.86 %, by Association calculation.

In the current matrix, 12 of the 24.6875 FTEs are not scheduled to receive a step increase this year under either offer. This is the natural and intended result of the modified grid, whereby step increases for those on “longevity steps” occur only every three or four years. Nonetheless, the Arbitrator recognizes that under the District’s offer, some of those who receive no increase will face increased insurance costs under the contract terms to which the parties have already tentatively agreed.<sup>3</sup> To say that this result is unfortunate is an understatement – as far as the record shows, none of the District’s teachers merit a cut in take-home pay, and yet, rising medical costs alone have forced that result, here and in other workplaces. However, this year, in this District, this burden is not disproportionate.

The Association’s offer is less than previous settlements between the parties, is less than settlements in comparable communities this year, and does represent a good-faith effort to address the District’s financial concerns. However, the healthy comparison between the teachers’ current salaries and those in rest of the Conference, and indeed throughout the State, contrasts with the unwholesome status of the District’s finances, despite the District’s aggressive budget-mending measures in other areas. Under all the circumstances and factors considered, the District’s final offer is the more reasonable.

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<sup>3</sup>Even under the Association’s offer, the increased cost of insurance cost would exceed one teacher’s increase.

## **AWARD**

For the reasons stated above and incorporated herein, the Arbitrator selects the District's final offer as the most reasonable of the parties' final offers on wages.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Lisa S. Kohn", written in black ink.

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Lisa Salkovitz Kohn, Arbitrator

## CERTIFICATE OF SERVICE

I certify that on the 1st day of July, 2002, I served the foregoing Arbitration Award upon each of the parties to this matter by mailing a copy to them by Express Mail at their respective addresses as shown below:

Doreen Rick  
UniServ Director  
Iowa State Education Association  
P.O. Box 402  
Hampton IA 50441

Pat Morgan  
Superintendent of Schools  
Aplington Community School District  
215 Tenth Street  
Northwood, IA 50604

I further certify that on the 1st day of July, 2002, I will submit this Award for filing by mailing it to the Iowa Public Employment Relations Board, 514 East Locust, Suite 202, Des Moines, Iowa 50309.



Lisa Salkovitz Kohn  
Impasse Arbitrator